



UMDONI MUNICIPALITY

TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2011

STATEMENT OF FINANCIAL POSITION

	Notes	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus	1	423 535 797	263 634 508
Housing Development Fund	2	25 779 997	31 623 553
		449 315 794	295 258 061
Non-current liabilities			
Long term liabilities	3	947 340	1 277 305
Provision for Post retirement medical benefits	4	15 850 004	11 517 917
Provision for Long service awards	5	901 506	863 041
Provision for Refuse site rehabilitation	6	2 492 050	2 804 850
Provision for Staff Leave	13	4 899 541	4 009 835
		25 090 442	20 472 948
Current liabilities			
Current portion of long term liabilities	3	1 734 916	1 501 429
Current portion for liabilities for medical aid benefits	4	442 512	357 468
Current portion of liabilities for long service awards	5	191 432	204 832
Unspent conditional grants and receipts	9	114 166 623	256 566 399
Accounts Payable	8	30 899 158	25 114 597
Cash and cash equivalents	19	11 247 789	2 787 957
		158 682 430	286 532 682
TOTAL NET ASSETS AND LIABILITIES			
		633 088 666	602 263 691
ASSETS			
Non-current assets			
Property, plant and equipment	11,42	421 538 552	264 596 295
Investment Property	12	197 000	197 000
Investments	14	-	-
		421 735 552	264 793 295
Current assets			
Inventory	15	74 907	36 312
Consumer receivables	16	28 078 968	25 871 214
Other receivables	17	54 851	12 336
VAT	18	13 658 934	7 474 131
Short term investments	14	169 060 487	302 613 221
Cash and cash equivalents	19	424 967	1 463 182
		211 353 114	337 470 396
TOTAL ASSETS			
		633 088 666	602 263 691



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STATEMENT OF FINANCIAL PERFORMANCE

		Actual		Budget	
Notes		2011	2010	2011	2010
		R	R	R	R
REVENUE					
Revenue from Non Exchange Transactions					
Property rates	20	48 566 675	45 473 217	49 085 000	45 349 868
Property rates - penalties and collection charges		2 302 661	2 995 973	3 000 035	2 600 000
Fines		1 499 829	889 640	1 494 888	1 689 670
Licences and permits		5 237 907	5 029 220	5 907 830	5 113 300
Government grants and subsidies	22	183 012 587	130 763 139	148 273 104	23 272 483
Rental of facilities and equipment		4 159 745	3 240 806	4 090 623	3 748 900
Decrease in Refuse Site Provision	6	312 800	-	-	-
Decrease in Bad Debt Provision	16	224 445	-	-	-
Revenue from exchange transactions					
Service charges	21	7 195 761	6 319 417	8 260 069	6 270 334
Interest earned		13 385 013	22 329 410	4 444 950	7 033 500
Other income	23	5 664 592	3 553 313	3 931 374	3 370 986
TOTAL INCOME		271 562 015	220 594 135	228 487 873	98 449 041
EXPENDITURE					
Employee related costs	24	56 878 106	49 593 154	51 653 006	45 204 178
Remuneration of Councillors	25	4 573 485	4 396 181	4 573 485	4 453 000
Depreciation	43	10 641 369	8 052 491	122 381 019	3 550 122
Repairs and maintenance		7 062 972	5 472 579	7 265 499	6 760 958
Interest paid	26	102 662	97 901	224 000	886 600
Contracted services	29	11 118 821	10 815 558	11 042 447	10 935 928
General expenses	30	25 998 970	26 564 900	24 728 634	20 510 203
Contributions to Provisions	27	1 356 870	3 073 223	6 276 458	5 910 246
Contribution to Refuse site rehabilitation	6	-	355 350	342 000	220 000
TOTAL EXPENDITURE		117 733 255	108 421 337	228 486 548	98 431 235
SURPLUS FOR THE YEAR		153 828 760	112 172 798	1 325	17 805



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STATEMENT OF CHANGES IN NET ASSETS

	Housing Development Fund R	Accumulated surplus/ (deficit) R	Total
2009			
Balance at 1 July 2009	34 302 931	138 224 737	172 527 668
Surplus for the year	9 264	112 172 798	112 182 062
Assets disposals related to the housing operating account	-2 688 641		-2 688 641
Prior year adjustments		13 236 973	13 236 973
Balance at 30 June 2010	31 623 554	263 634 508	295 258 062
2011			
Surplus for the year	39 767 321	153 828 760	193 596 081
Assets disposals related to the housing operating account	-45 610 878		-45 610 878
Revaluation of assets		6 799 206	6 799 206
Prior year adjustments		-726 676	-726 676
Balance at 30 June 2011	25 779 997	423 535 797	449 315 794

Detail on the movement of funds and reserves are set out in notes 1 and 2.



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CASH FLOW STATEMENT

	Notes	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from (utilised in) operations	31	143 586 160	88 287 002
Interest received		13 385 013	22 329 410
Interest paid		-102 662	-97 901
Net Cash from (utilised in) operating activities		156 868 511	110 518 511
CASH FLOWS FROM (UTILISED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-166 270 080	-108 158 195
Proceeds on disposal of property, plant and equipment		-	-
CASH (UTILISED IN) GENERATED FROM INVESTING ACTIVITIES		-166 270 080	-108 158 195
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/ (repaid)		-96 478	997 617
Net cash generated from / (utilised in) financing activities		-96 478	997 617
NET INCREASE (DECREASE) IN CASH EQUIVALENTS		-9 498 046	3 357 933
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	19	-1 324 776	-4 682 709
Cash and cash equivalents at the end of the year	19	-10 822 822	-1 324 776
		-9 498 046	3 357 933



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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
ACCOUNTING POLICIES

1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in the applicable Directives issued by the Accounting Standards Board.

The Accounting Framework of the municipality, based on the preceding paragraphs is therefore as follows:

GRAP 1 - Presentation of Financial Statements
GRAP 2 - Cash Flow Statements
GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 - Effects of Changes in Foreign Exchange Rates
GRAP 5 - Borrowing Costs
GRAP 6 - Consolidated and Separate Financial Statements
GRAP 7 - Investments in Associates
GRAP 8 - Interests in Joint Ventures
GRAP 9 - Revenue from Exchange Transactions
GRAP 10 - Financial Reporting in Hyperinflationary Economies
GRAP 11 - Construction Contracts
GRAP 12 - Inventories
GRAP 13 - Leases
GRAP 14 - Events after the Reporting Date
GRAP 16 - Investment property
GRAP 17 - Property, Plant and Equipment
GRAP 18 - Segment Reporting
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
GAMAP 9 - Paragraphs relating to Revenue from Non-Exchange Transactions
GRAP 100 - Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101 - Agriculture
GRAP 102 - Intangible Assets
IPSAS 20 - Related Party Disclosure
IPSAS 21 - Impairment of Non Cash-Generating Assets
IFRS 3 - Business Combinations
IFRS 7 - Financial Instruments: Disclosures
IAS 19 - Employee Benefits
IAS 32 - Financial Instruments: Presentation
IAS 36 - Impairment of Assets
IAS 39 - Financial Instruments: Recognition and Measurement

1.1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2011 the municipality has adopted the accounting framework as set out in point 1 above except as excluded by the applicable Directives. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the change:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

2 PRESENTATION OF CURRENCY



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ACCOUNTING POLICIES

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

3 GOING CONCERN ASSUMPTION

The annual financial statements are prepared on a going concern basis.

4 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area.

5 PROPERTY, PLANT AND EQUIPMENT

The municipality has complied with the relevant standards relating to the measurement and recognition of Property, Plant and Equipment after taking into consideration the various guidance's and best practices issued in relation to the above.

5.1 Initial measurement

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognized at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives at the description of management, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

5.2 Subsequent measurement



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Subsequent expenditure relating to property, plant and equipment is capitalized if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalized when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalizes the new component.

When revalued assets, if any are sold or retired, the amounts included in the revaluation reserve in respect of those assets, are transferred to accumulated surplus or deficit except on initial recognition of GRAP 17.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or forgone is included in surplus or deficit when the compensation becomes receivable.

5.3 Depreciation

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Infrastructure	Years
Roads and paving	30
Pedestrian malls	30
Electricity	20 - 30
Housing	30
Community	
Buildings	30
Recreational facilities	20 - 30
Security	5
Other	
Buildings	30
Specialist vehicles	10
Other vehicles	5
Office equipment	3
Furniture and fittings	7 - 10
Watercraft	15
Bins and containers	5
Specialized plant and equipment	10 - 15
Other items of plant and equipment	2 - 5
Landfill sites	15

5.4 Work in Progress

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

5.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality.

6 INVENTORIES



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ACCOUNTING POLICIES

6.1 Initial recognition

Inventories comprise of consumable stores. Inventories are recognized at weighted average. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

7 ACCOUNTS RECEIVABLE

Accounts receivable are stated in the annual financial statements at the value of billings to consumers/ ratepayers, less deductions for rebates granted less a provision for doubtful accounts.

Provision for doubtful accounts is made, based on a review of outstanding amounts at the financial year end. Contributions to the provision are calculated by analyzing specific debts deemed doubtful of recovery, prior year's experience, correspondence with the Council's attorneys, the debt collection policy and management's best estimate of recoveries expressed as a percentage.

Bad debts are written off in the period that they are identified. Amounts that are receivable within one year are classified as current assets.

8 ACCOUNTS PAYABLE

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received.

9 REVENUE RECOGNITION

9.1 General

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities.

The municipality recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

10 REVENUE FROM EXCHANGE TRANSACTIONS

10.1 Service Charges

Service charges relating to refuse removal are recognized on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

10.2 Finance income

Interest earned on investments is recognized in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

10.3 Tariff charges



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Revenue arising from the application of the approved tariff of charges is recognized when the relevant service is rendered by applying the relevant authorized tariff. This includes the issuing of licenses and permits.

11 REVENUE FROM NON-EXCHANGE TRANSACTIONS

11.1 Rates and Taxes

Revenue from property rates is recognized in terms of the Municipal Property Rates Act and the Municipal Rates Policy.

11.2 Other Donations and Contributions

Donations are recognized on a cash receipts basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

12 GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognized as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognized. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognized in the Statement of Financial Performance in the period in which they become receivable.

The municipality accounted for government grants and receipts in the previous financial year in accordance with the requirements of IAS 20.24 and .26, GAMAP 12.8, GAMAP 17.25 and GAMAP 9.42 – .46, as appropriate. For the financial year ended 30 June 2011, the municipality accounted for government grants and receipts for the year ended 30 June 2011 (and retrospectively, where practicable) in accordance with the requirements of GAMAP 9.42 - .46 and ASB Directives 3 and 5.

13 PROVISIONS

Provisions are recognized when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognized for future operating losses.

A provision for restructuring costs is recognized only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value unless the purpose and nature of such investments are for capital appreciation purposes and not held for operational activities as deemed by management.



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ACCOUNTING POLICIES

15 UNAUTHORIZED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

16 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies as deemed by the Accounting Officer. Irregular expenditure excludes unauthorized expenditure.

17 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain as deemed by the Accounting Officer and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance.

18 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

The municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits are conditional on the employee remaining in service up to retirement age.

19 DEPOSITS

Deposits received by the municipality are in terms of the approved tariff of charges by Council. These mainly relate to the use of community facilities and verge deposits, amongst others

20 LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalized at their cash cost equivalent. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognized as an expense in the statement of financial performance.

21 PRIOR YEAR COMPARATIVES

Prior period comparatives are reclassified when the presentation or classification of items in the annual financial statements is amended.

22 VALUE ADDED TAXATION

The municipality accounts for value added taxation on the cash basis, whilst the annual financial statements are prepared on the accrual basis of accounting



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ACCOUNTING POLICIES

23 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

24 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011	2010
	R	R

1 ACCUMULATED SURPLUS

The following internal funds and reserves are ring-fenced within the accumulated surplus:

- Government Grant Reserve
- Accumulated surplus due to the results of operations

Total Accumulated Surplus

325 466 194	174 184 940
98 069 603	89 449 568
423 535 797	263 634 508

The following illustrates the detail on the movement of internal funds and reserves during the financial period:

	Government Grant Reserve	Accumulated Surplus/(Deficit) due to results of operations	Total Accumulated Surplus /(Deficit)
	R	R	R
2008			
Balance at 1 July 2009	90 517 342	47 707 395	138 224 737
Surplus for the year	-	112 172 798	112 172 798
Transfer of capital grant assets to Govt Grant Reserve	88 799 530	-88 799 530	-
Prior year adjustments	-	13 236 973	13 236 973
Offsetting of Depreciation	-5 131 932	5 131 932	-
Balance at 30 June 2010	174 184 940	89 449 568	263 634 508
2009			
Balance at 01 July 2010	174 184 940	89 449 568	263 634 508
Surplus for the year		153 828 760	153 828 760
Transfer of capital grant assets to Govt Grant Reserve	157 056 027	-157 056 027	-
Offsetting of Depreciation	-5 774 773	5 774 773	-
Revaluation of assets		6 799 206	6 799 206
Prior year adjustments		-726 676	-726 676
Balance at 30 June 2011	325 466 194	98 069 603	423 535 797

2 HOUSING DEVELOPMENT FUND

The Housing Development Fund contain all proceeds from housing developments, which include rental income and sales of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Housing Development Fund

25 779 997	31 623 553
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011	2010
	R	R
The Housing Development Fund is represented by the following assets and liabilities:		
- Housing Fixed Assets	8 777 117	13 338 204
- Housing Rental Receivables	8 815 248	8 878 329
- Investments - External	7 768 565	9 148 858
- Bank and Cash	419 067	258 162
Total Housing Development Fund Assets and Liabilities	25 779 997	31 623 553

3 LONG TERM LIABILITIES

Long term Loans	2 089 694	2 089 694
Annuity loans	592 562	689 040
Total External loans	2 682 256	2 778 734
LESS : Current portion transferred to current liabilities (Refer to appendix A for more detail)	-1 734 916	-1 501 429
Total long-term liabilities	947 340	1 277 305

4 PROVISION FOR POST RETIREMENT MEDICAL BENEFITS

Post-Employment Health Care Benefit Liability	16 292 516	11 875 385
Total: Post Retirement Medical Aid Benefit Liability	16 292 516	11 875 385
Less: Transfer to Current Provisions	-442 512	-357 468
Net Post-Employment Health Care Benefit Liability	15 850 004	11 517 917

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2011 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R	2010 R
- In-service members	170	134
- Continuation members	22	20
Total	192	154
The liability in respect of past service has been estimated to be as follows:		
- In-service members	10 765 746	7 630 733
- Continuation members	5 526 767	4 244 652
	16 292 513	11 875 385

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Global Health
- LA Health
- Samwumed

The future service cost for the ensuing year is established to be R1,118 322 whereas the interest-cost for the next year is estimated to be R 1,396,862 (2010: R649,465 and R 1,078,459 respectively)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	8.69	9.22
Health Care Cost Inflation Rate	7.31	7.22
Net Effective Discount Rate	1.29	1.87
Expected Retirement Age - Females	55	55
Expected Retirement Age - Males	55	55

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	16 292 516	11 875 385
Fair value of plan assets	-	-
Benefit Liability	16 292 516	11 875 385

The amount recognised in the Statement of Financial Performance under employee related costs are as follows:

Current service cost	649 465	373 244
Interest cost	1 078 459	730 496
Acturial (gain)/loss recognised	3 102 071	2 961 929
	4 829 995	4 065 669



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	2011	2010
	R	R
The movement in the defined benefit obligation over the year is as follows:		
Balance at beginning of year	11 875 385	8 154 790
Current service cost	649 465	373 244
Interest cost	1 078 459	730 496
Benefits paid	-412 864	-345 073
Recognised actuarial (gain)/loss	3 102 071	2 961 928
Balance at end of year	16 292 516	11 875 385
The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:		
Increase		
Effect on the aggregate of the current service cost and the interest cost	1 218 000	1 292 600
Effect on the defined benefit obligation	12 668 000	8 832 000
Decrease		
Effect on the aggregate of the current service cost and the interest cost	961 500	951 100
Effect on the defined benefit obligation	9 265 000	6 642 000

The municipality expects to make a contribution of R 1,396,862 (2010: R 1,078,459) to the defined benefit plans during the next financial year.

The history of experienced adjustments are as follows:

	2011	2010	2009	2008
	R	R	R	R
Present value of Defined Benefit Obligation	16 293 000	11 875 000	8 155 000	9 957 000
Deficit	<u>16 293 000</u>	<u>11 875 000</u>	<u>8 155 000</u>	<u>9 957 000</u>
Experienced adjustments on Plan Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5 LONG SERVICE AWARDS AND RETIREMENT GIFTS

Provision for Long Service Awards	1 092 938	1 067 873
Total Provision for Long Service Awards	1 092 938	1 067 873
Less: Transfer to Current Provisions	-191 432	-204 832
Net Long Service Awards liability	901 506	863 041



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2011 **2010**
R **R**

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Umdoni Municipality). The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2011 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2011 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

The Long Service Awards plans are defined benefit plans. As at year end, 376 employees were eligible for Long Service Awards.

The future service cost for the ensuing year is estimated to be R 174,871 whereas the interest-cost for the next year is estimated to be R 76,481

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	7.66%	8.68%
Expected Rate of Salary Increase	6.24%	6.06%
Net Effective Discount Rate	1.33%	2.48%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1 092 938	1 067 873
Net liability	1 092 938	1 067 873

The amount recognised in the Statement of Financial Performance under employee related costs are as follows:

Current service cost	159 321	157 437
Interest cost	84 033	66 013
Actuarial loss/gain	-13 457	194 197
Total included in Employee Related Costs	229 897	417 647

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	1 067 873	855 567
Current service cost	159 321	157 437
Interest cost	84 033	66 013
Benefits paid	-204 832	-205 341
Actuarial (gain)/losses recognised	-13 547	194 197
Balance at end of year	1 092 848	1 067 873



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	2011	2010
	R	R
The effect of a 1 % movement in the assumed rate of salary inflation is as follows:		
Increase		
Effect on the aggregate of the current service cost and the interest cost	256 642	234 808
Effect on the defined benefit obligation	1 153 000	1 122 000
Decrease		
Effect on the aggregate of the current service cost and the interest cost	231 204	213 143
Effect on the defined benefit obligation	1 038 000	1 018 000

The history of experienced adjustments are as follows:

	2011	2010	2009	2008
	R	R	R	R
Present value of Defined Benefit Obligation	-1 092 928	-1 067 973	-855 567	-758 326
Deficit	<u>-1 092 928</u>	<u>-1 067 973</u>	<u>-855 567</u>	<u>-758 326</u>
Experienced adjustments on Plan Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

6 REFUSE SITE REHABILITATION

In terms of the licencing of the landfill refuse sites, Council will incur rehabilitation costs of R2,4 million determined at present value, to restore the sites. Provision has been made for an amount based on the present value of cost. The costs of rehabilitating the refuse site have been estimated by the Council's consulting engineers who control the operations carried out by the service provider. Council has to submit a rehabilitation plan to the Department of Water Affairs and Forestry six months prior to closing the Site.

Opening balance	2 804 850	2 449 500
Contribution to the Statement of Financial Performance	-312 800	355 350
Closing balance	<u>2 492 050</u>	<u>2 804 850</u>

7 MULTI EMPLOYER RETIREMENT BENEFITS

Umdoni Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. Councillors have the option to belong to the Pension Fund for Municipal Councillors.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.



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	R	R
Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-		
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.		
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.		
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.		

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance for the Pension Fund of R27,3 million (2010: R15,9 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed..

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation. For both the Superannuation and Retirement Funds valuations making use of the Discontinuance Method Approach have been included as well.

DEFINED BENEFIT SCHEMES

Retirement Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2010

The interim actuarial valuation performed as at 31 March 2010 revealed that the fund had a shortfall of R243,2 (31 March 2009: shortfall of R214,2) million, with a funding level of 88,2% (31 March 2009: 88,6%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (29,00%) should be sufficient to eradicate the shortfall in the fund by 31 March 2015.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17% of pensionable emoluments, of which 1,65% is payable by members and 15,35% is payable by the local authority

This surcharge is payable until 31 March 2015. This position will be monitored on an annual basis.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund.

Superannuation Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2010.

The interim actuarial valuation performed as at 31 March 2010 revealed that the fund had a shortfall of R213,3 (31 March 2009: shortfall of R29,9) million, with a funding level of 95,9% (31 March 2009: 99,4%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is 1,69% (31 March 2009: 1,50%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 7,0% of pensionable salaries. It is expected that the deficit will be fully funded by 2016.



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2011 **2010**
R **R**

DEFINED CONTRIBUTION SCHEMES

Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future

As reported by the Actuaries, the Fund was in a sound financial condition as at 30 June 2010.

Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2010.

The interim actuarial valuation performed as at 31 March 2010 revealed that the market value of the fund was R836,4 (31 March 2009: R574,0) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 1,95 times the member's contributions by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2010.

None of the above mentioned plans are State Plans.

8 ACCOUNTS PAYABLE

Trade creditors	9 201 028	11 421 522
Deposits	1 279 371	1 176 432
Payments received in advance	3 689 088	2 333 657
External loans interest - pennington	-	90 599
Retention monies	15 931 867	9 772 292
Unidentified direct deposits	797 804	320 095
Total Accounts Payable	30 899 158	25 114 597

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial policies in place to ensure that all payables are paid within the credit timeframe.

Deposits are paid by members of the community on application for the hire of community halls and facilities, as stipulated in the tariff of charges. The deposits are repaid when the use of the community halls/facilities are completed, and an inspection has been executed to ensure that the facilities hired have been restored to its original condition, and no damage to property has occurred. In cases where the condition of the facilities have not been restored to its original condition or damage to the property is evident, Council can utilize the deposit as payment to rectify the facilities to its original condition or to restore any damage to the property.

No interest is paid on consumer deposits held.

Retention refers to monies retained by the municipality on construction work completed by the various suppliers throughout the duration of their contract. These monies are released to the upon progressive completion of their respective undertakings.

9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government:

Provincial grants	2 576 684	1 681 899
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	2011	2010
	R	R
Ugu District Municipality	410 259	842 311
National Treasury	111 093 065	253 580 508
European Union Funding	-	207 357
Other Grants	86 615	254 324
Total Conditional Grants from other spheres of Government	114 166 623	256 566 399

The unspent conditional grant balance as at 30 June 2011 is cash backed. Refer to note 14 for the Investments balance.

10 OPERATING LEASES

The Municipality as lessee

Leasing arrangements:

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Up to 1 year	279 467	394 585
1 to 5 years	159 106	182 360
More than 5 years	4 789	110
Total Operating Lease Arrangements	443 362	577 055

Included in the above mentioned operating lease payments are the following major classes of leases, which are only significant collectively:

- Electronic equipment	175 848	490 190
- Vehicles	244 888	74 427
- Properties	22 626	12 438
	443 362	577 055

The Municipality as lessor

Leasing arrangements:

At the reporting date, the municipality had outstanding receipts in terms of operating leases, which will accrue as follows:

Receivable within 1 year	2 079 906	1 911 899
Receivable within 2-5 years	2 359 360	3 030 736
Receivable after 5 years	130 880	169 667
Total Operating Lease Arrangements	4 570 146	5 112 302

Included in the above mentioned operating lease receivables are the following major classes of leases, which are only significant collectively:

- Land	4 570 146	5 112 302
	4 570 146	5 112 302



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	2011	2010
	R	R
11 PROPERTY, PLANT AND EQUIPMENT		
No property, plant and equipment have been pledged to secure borrowings of the municipality		
See also Note 42 for further detail.		
12 INVESTMENT PROPERTY		
The municipality has adopted the transitional arrangements as set out in Directive 4, released by the Accounting Standards Board in February 2008. This involves the recognition of all assets under the ownership of the municipality, but not necessarily the measurement of such assets.		
Analysis of Investment Property is as follows:		
Reconciliation of carrying value		
Carrying values at 01 July 2010	197 000	197 000
Cost/Revaluation	197 000	197 000
Cost	197 000	197 000
Revaluation	-	-
Prior year adjustments	-	-
Acquisitions	-	-
Increases/ (decreases) in revaluation	-	-
Carrying value of disposals	-	-
Cost/ revaluation	-	-
Impairment losses	-	-
Other movements	-	-
Carrying values at 30 June 2011	197 000	197 000
Represented by		
Cost/revaluation	197 000	197 000
Carrying values at 30 June 2010	197 000	197 000
13 PROVISION FOR STAFF LEAVE		
Balance at beginning of the year	4 009 835	3 295 530
Contributions (Decrease) to provision	1 356 870	1 081 843



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	2011	2010
	R	R
Actual leave paid for the year	-467 164	-367 538
Balance at end of year	4 899 541	4 009 835

14 INVESTMENTS

Council's unlisted investments

Long-term deposits with Standard Bank of SA Ltd

Total long term investments

Short term investments

Notice deposits

Standard Bank of SA Ltd

Absa

Nedbank

First National Bank

Investec Bank

Total short term investments

Total investments

Council's valuation of unlisted investments

Average rate of return on investments

-	-
-	-
169 060 487	302 613 221
15 877 505	171 734 865
109 365 713	103 668 116
30 645 765	14 732 374
13 170 317	12 476 746
1 187	1 120
169 060 487	302 613 221
169 060 487	302 613 221
169 060 487	302 613 221
5.67%	6.65%

15 INVENTORY

Inventory represents:

Consumable stores

74 907	36 312
74 907	36 312

16 CONSUMER RECEIVABLES

Revenue from Non Exchange Transactions

Rates

Rates penalties and collection charges

Refuse

Revenue from exchange transactions

18 835 645	17 702 610
8 893 479	8 882 532
3 659 249	3 034 162



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	2011 R	2010 R
Housing	5 484 299	5 703 090
Interest on housing	3 330 949	3 175 239
Sundries	4 598 723	4 485 565
	44 802 344	42 983 198
Less: Provision for bad debt	-12 808 232	-13 196 840
Less: Provision for impairment loss	-3 915 144	-3 915 144
Total Consumer Receivables	28 078 968	25 871 214
Amounts written off as bad debts	164 163	2 100
As a percentage of total operating revenue	0.06%	0.00%
Ageing of Consumer Debt as follows:		
Rates		
Current (0 to 30 days)	863 874	591 445
31 to 60 days	1 021 845	321 101
61 to 90 days	818 213	242 950
91 to 120 days	775 293	221 590
121 days and over	15 359 254	16 329 132
	18 838 479	17 706 218
Rates Penalties and collection charges		
Current (0 to 30 days)	1 139	3 233
31 to 60 days	-	3 181
61 to 90 days	15 818	9 396
91 to 120 days	21 450	10 840
121 days and over	8 855 072	8 855 882
	8 893 479	8 882 532
Housing		
Current (0 to 30 days)	98 647	130 086
31 to 60 days	36 899	44 846
61 to 90 days	34 840	44 246
91 to 120 days	33 726	44 628
121 days and over	4 935 692	4 998 722
	5 139 804	5 262 528
Interest on housing		
Current (0 to 30 days)	-	-



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	2011 R	2010 R
31 to 60 days	-	440
61 to 90 days	691	876
91 to 120 days	976	1 317
121 days and over	3 329 282	3 172 606
	3 330 949	3 175 239
Refuse		
Current (0 to 30 days)	270 904	205 093
31 to 60 days	180 339	44 109
61 to 90 days	183 334	38 662
91 to 120 days	149 495	32 892
121 days and over	3 253 935	2 981 975
	4 038 007	3 302 731
Sundries		
Current (0 to 30 days)	2 972 078	2 351 614
31 to 60 days	39 558	28 105
61 to 90 days	19 847	59 977
91 to 120 days	53 993	264 850
121 days and over	2 097 283	2 318 721
	5 182 759	5 023 267
Total consumer ageing	45 423 477	43 352 515
Less: Provision for bad debts	-12 808 232	-13 196 840
Less: Provision for impairment loss	-3 915 144	-3 915 144
Less: VAT included in age analysis	-621 133	-369 317
Total Consumer Receivables	28 078 968	25 871 214
Reconciliation of Provision for Bad Debts on Consumer Receivables		
Balance at beginning of the year	13 196 840	9 279 835
Contributions to provision	-224 445	2 340 366
Transfer of clinic subsidy provision from other receivables		1 817 000
Write offs against provision	-164 163	-240 361
Balance at end of year	12 808 232	13 196 840

Management has considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstanding debt.



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	2011	2010
	R	R
17 OTHER RECEIVABLES		
Sundry receivables	97 508	54 993
Ugu District Municipality	5 075 295	5 075 295
	5 172 803	5 130 288
Less: Provision for bad debt	-5 117 952	-5 117 952
Total other receivables	54 851	12 336
<i>Reconciliation of Provision for Bad debt on Other receivables</i>		
Balance at beginning of the year	5 117 952	7 362 203
Contributions (Decrease) to provision	-	-348 986
Transfer of clinic subsidy provision to consumer receivables	-	-1 817 000
Bad debts written off against provision	-	-78 265
Balance at end of year	5 117 952	5 117 952

Management have considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstandings receivables.

18 VAT RECEIVABLE		
VAT receivable	13 658 934	7 474 131

VAT is payable on the cash basis. Only once payment has been received from receivables is VAT paid over to SARS.

19 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

The following primary bank account is maintained in terms of the Local Government: Municipal Finance Management Act:

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 168 8

Current account:

Cash book balance at beginning of year	-2 787 957	-4 843 558
Cash book balance at end of year	-11 247 789	-2 787 957
Bank statement balance at beginning of year	3 926 445	2 710 117
Bank statement balance at end of year	2 844 447	3 926 445

The following bank account is maintained in terms of the Local Government: Municipal Finance Management Act:



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	2011 R	2010 R
<u>Standard Bank of SA Limited, Scottburgh Branch - Account No. 052 854 329</u>		
<u>Current account:</u>		
Cash book balance at beginning of year	1 199 120	0
Cash book balance at end of year	0	1 199 120
Bank statement balance at beginning of year	1 199 120	0
Bank statement balance at end of year	0	1 199 120
The following housing bank accounts are maintained in terms of memorandums of agreement with the Department of Housing:		
<u>Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 257 1</u>		
<u>Malangeni Rural Housing Project K 03100018</u>		
Cash book balances at beginning of year	62 727	61 893
Cash book balances at end of year	61 736	62 727
Bank statement balances at beginning of year	62 727	61 893
Bank statement balances at end of year	61 736	62 727
<u>Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 256 3</u>		
<u>Amahlongwa Rural Housing Project K 03100017</u>		
Cash book balances at beginning of year	78 428	8 053
Cash book balances at end of year	77 437	78 428
Bank statement balances at beginning of year	78 428	8 053
Bank statement balances at end of year	77 437	78 428
<u>Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 625 6</u>		
<u>Umzinto Slum Clearance Housing Project K 031 00019</u>		
Cash book balances at beginning of year	25 809	-24
Cash book balances at end of year	190 237	25 809
Bank statement balances at beginning of year	25 809	-24
Bank statement balances at end of year	190 209	25 809
<u>Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 619 1</u>		
<u>Sanathan Housing Project K 0310002</u>		
Cash book balances at beginning of year	1 246	2 063
Cash book balances at end of year	467	1 246
Bank statement balances at beginning of year	1 246	2 063
Bank statement balances at end of year	467	1 246



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	2011	2010
	R	R
<u>Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 432 9</u>		
<u>Umdoni Municipality Housing Account</u>		
Cash book balances at beginning of year	89 952	82 964
Cash book balances at end of year	89 190	89 952
Bank statement balances at beginning of year	89 953	122 689
Bank statement balances at end of year	90 881	89 953
<u>Summary:</u>		
Cash book balance at beginning of year	-1 330 675	-4 688 609
Cash book balance at end of year	-10 828 722	-1 330 675
Bank statement balance at beginning of year	5 383 728	194 674
Bank statement balance at end of year	3 203 441	5 383 728
CASH ON HAND:		
Petty Cash	1 000	1 000
Floats	4 900	4 900
	5 900	5 900
Total Bank and Cash	-10 822 822	-1 324 775

Umdoni Municipality has not applied any overdraft facility or securities held. The credit as per the cash book balance is reflective of outstanding cheques which have yet to be cleared as at 30 June 2011.

20 PROPERTY RATES

Actual income		
Residential	36 857 123	34 842 077
Agriculture	603 352	552 502
Commercial and Other	18 572 055	17 114 233
Less: Adjustments	-1 982 639	-2 351 358
Less: Rebates	-5 483 216	-4 684 237
Total assessment rates	48 566 675	45 473 217
Property valuations	7 373 301 000	7 419 315 000
Non rateable valuations	138 497 000	129 691 000



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TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011	2010
	R	R
The last general valuation for Umdoni came into effect on:	01 July 2008	01 July 2008
Randages in terms of the Municipal Property Rates Act:		
Residential	0.007	0.0065
Commercial, Business and Industrial	0.00937	0.0086
Agricultural Property ,Public Service Infrastructure, Public Benefit Organisations	0.00178	0.0017
Vacant Industrial, Commercial and Other	0.0196	0.0185
Rebates on these rates are allowed on the following basis:		
Special Residential (excluding vacant land)	75 000	75 000
Vacant Property	15 000	15 000
Disabled Persons, Pensioners, Indigent Persons as defined in the Indigent Policy	370 000	370 000

21 SERVICE CHARGES

Refuse removal	7 195 761	6 319 417
	7 195 761	6 319 417

22 GOVERNMENT GRANTS AND SUBSIDIES

Operational Grants:

Equitable share	20 802 997	17 093 771
Provincial Grants	505 578	5 271 829
Provincial - Health Subsidies	1 783 706	1 782 942
Ugu District Municipality	442 339	494 843
Department of Provincial and Local Government	153 812	2 360 393
National Treasury	159 156 445	103 416 947
Old Mutual	167 710	342 414
Total Government Grant and Subsidies recognised	183 012 587	130 763 139

23 OTHER INCOME

Building plan fees	382 132	466 164
Development levy	1 315 789	105 263
Insurance recovery	138	820 891
Inspections	108 120	135 252



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R	2010 R
Fire services income	1 511 272	1 018 685
Plot clearing	57 165	56 787
Rates certificates	133 250	91 176
Signage	167 377	130 890
Non refundable tender deposits	297 632	341 471
Subdivisions, rezoning and town planning	25 570	50 578
Sundry income	1 666 147	336 156
	5 664 593	3 553 313

24 EMPLOYEE RELATED COSTS

Remuneration of the Municipal Manager

Annual remuneration	766 630	715 244
Performance bonus	81 826	62 273
	848 456	777 517

Remuneration of the Manager: Financial Services

Annual remuneration	592 722	539 049
Performance bonus	53 365	34 115
	646 087	573 163

Remuneration of the Manager: Technical Services

Annual remuneration	593 670	540 249
Performance bonus	48 028	34 115
	641 698	574 363

Remuneration of the Manager: Community Services

Annual remuneration	502 054	445 385
Performance bonus	31 500	40 500
	533 554	485 885

Performance bonus paid in 2010 financial year is in respect to the previous General Manager: Community Services

Remuneration of the Manager: Corporate Services

Annual remuneration	593 021	539 048
Performance bonus	53 365	34 115
	646 386	573 162



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R	2010 R
EMPLOYEE RELATED COSTS		
Salaries and allowances	38 985 463	34 870 576
Contributions to UIF, pensions and medical aids	8 255 967	6 533 333
Travel, motor car, accommodation, subsistence and other allowances	308 861	352 154
Housing benefits and allowances	91 217	99 920
Overtime payments	1 738 808	1 078 379
Bonuses	2 480 111	2 142 914
Contribution to long service awards and medical aid liability	5 017 676	4 515 877
	56 878 102	49 593 154

25 COUNCILLORS' REMUNERATION

Mayor's allowance	599 590	572 107
Deputy Mayor's allowance	478 323	473 032
Speaker's allowance	478 426	456 004
Executive councillor allowance	444 387	426 922
Councillors' allowances	2 572 759	2 468 116
	4 573 485	4 396 181

The Mayor, Deputy Mayor, Speaker and one Executive Councillor are full time and have an office and secretarial support at the cost of the Council

The Mayor has the use of a Council vehicle for official duties

26 INTEREST PAID

Long term liabilities	102 662	97 901
Total interest on external borrowings	102 662	97 901

27 CONTRIBUTIONS TO PROVISIONS

Contribution to Bad Debt Provision	-	1 991 380
Contribution to Leave Provision	1 356 870	1 081 843
	1 356 870	3 073 223

28 AUDITOR'S REMUNERATION

Audit fees	827 604	773 363
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UMDONI MUNICIPALITY

TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R	2010 R
29 CONTRACTED SERVICES		
Fixed asset register and verification	551 829	1 352 617
Verge Contract maintenance	2 956 895	2 796 064
Refuse site maintenance	2 621 401	1 947 246
Security	1 854 314	1 366 228
Lifeguard services	660 816	599 352
Meshing fees	803 907	797 263
Machinery leases	433 571	361 003
Computer support	326 347	231 031
Other contracted services	909 742	1 364 754
	11 118 822	10 815 558

30 GENERAL EXPENSES		
Electricity and water	4 541 351	3 052 694
Alternate electricity	2 741 558	1 834 836
Fuel maintenance	2 203 605	1 759 937
Telecommunication	865 827	991 461
Printing and stationery	1 019 924	814 540
Insurance	368 278	381 687
Audit fees	827 604	773 363
Grants and subsidies paid	-	7 800 000
Workmans Compensation	227 192	448 513
Special Programmes	997 462	637 212
Drivers licences	581 779	475 369
SETA Training Programmes and Skills Levies	310 707	704 307
Valuations	300 000	300 000
Other general expenses	11 013 683	6 590 981
	25 998 970	26 564 900

31 CASH GENERATED FROM (UTILISED IN) OPERATIONS		
Surplus for the year	153 828 760	112 172 798
<i>Adjustments for non cash transactions accounted for directly against income:</i>		
Previous year's operating transactions	-726 676	9 835 686
Depreciation	10 641 369	8 052 491



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	2011 R	2010 R
Loss on disposal of assets	924 656	
Provision for refuse site rehabilitation	-312 800	355 350
Capital charges :		
Interest paid on external loans	102 662	97 901
Investment income (operating account)	-13 385 013	-22 329 410
	151 072 958	108 184 816
(INCREASE) / DECREASE IN WORKING CAPITAL	-7 486 798	-19 897 814
(Increase) / decrease in inventory	-38 595	-10 112
(Increase) / decrease in receivables	-8 498 153	1 821 467
(Increase) / decrease in short term investments	132 172 441	63 177 058
Increase / (decrease) in creditors	5 784 478	14 757 387
Increase / (decrease) in unspent conditional grants	-142 399 776	-104 227 315
Increase / (decrease) in Provisions	4 442 196	3 766 183
Increase / (decrease) in Provisions for staff leave	889 706	714 305
Increase / (decrease) in Housing Operating Account	160 905	103 213
Cash generated from (utilised in) operations	143 586 160	88 287 002
32 CONTINGENT LIABILITIES		
No contingent liabilities have been identified at year end.	-	-
33 CAPITAL COMMITMENTS		
Commitments for capital expenditure		
Approved and contracted for	146 850 615	66 118 430
Approved but not yet contracted for	8 095 214	189 837 611
	154 945 830	255 956 041
This expenditure will be financed from:		
Internal source - Revenue	14 007 182	6 000 000
External source - National government	140 938 648	249 956 041
	154 945 830	255 956 041



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2011
R

2010
R

34 COUNCILLORS' ACCOUNTS IN ARREAR

The following Councillors had an arrear account balance outstanding:

At 30 June 2011

Councillor TA Zondi
Councillor GN Mbambo
Councillor TH Ngcobo

Outstanding less than 90 Days	Outstanding more than 90 Days	Total
782	1 296	2 079
310		310
514	54 458	54 972
1 607	55 754	57 361

At 30 June 2010

Councillor M Sulagan
Councillor K Ramadu

7 122	228 455	235 577
502	16 522	17 024
7 624	244 977	252 601

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

35.1 Unauthorised expenditure

Opening balance
Unauthorised expenditure for the current year*
Approved /condoned by Council
Transfer to receivables for recovery
Unauthorised expenditure

32 776 151	20 468 206
-	12 307 945
-32 776 151	0
-	32 776 151

* Unauthorised expenditure in terms of the approved municipal budget for the year under review is as follows:

Depreciation
Provision for Post Retirement Benefits and Long Service
Expenditure relating to Government Grants and Subsidies
Provision for Refuse Site Rehabilitation

7 339 417
3 512 180
1 320 998
135 350
12 307 945

35.2 Fruitless and wasteful expenditure

Opening Balance

-



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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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	2011	2010
	R	R
Fruitless and wasteful expenditure for the current year	-	-
Approved /condoned by Council	-	-
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure	-	-
35.3 Irregular expenditure		
Opening balance	1 898 308	1 680 281
Irregular expenditure for the current year	394 737	218 027
Approved /condoned by Council	-1 898 308	
Transfer to receivables for recovery - not condoned		-
Irregular expenditure	394 737	1 898 308

36 CORRECTION OF ERRORS

The entries below detail the significant adjustments effected to the AFS in respect of the prior period

	As previously reported 2010	Amount of correction 2010	Restated 2010
36.1. Recognition of MIG			
Due to ongoing reviews and verification process to ensure accuracy and completeness of grant income the following amendments have been identified. Whilst the expenditure was correctly recognized in the prior year , the income associated to the grant was not accounted for comprehensively.			
Conditional Grants			
Municipal Infrastructure Grant	-6 732 555	-11 645 284	4 912 729
The adjustment of R 11 645 284 may be further analyzed as follows :			
Restatement to Accumulated Surplus for adjustments prior to 1 June 2009		10 446 696	
Restatement to Statement of Financial Performance for adjustments post 1 June 2009		1 198 588	
		11 645 284	

	As previously reported 2010	Amount of correction 2010	Restated 2010
36.2. Restatements of Gijima Grants			
Conditional Grants			
Gijima Grants	-153 862	-53 498	-27 230

The adjustment of R 53 498 may be further analyzed as follows :

**UMDONI MUNICIPALITY**

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2011	2010
	R	R
Restatement to Accumulated Surplus for adjustments prior to 1 June 2009	-188 836	
Restatement to Statement of Financial Performance for adjustments post 1 June 2009	135 338	
	-53 498	

37 PRIOR YEAR ADJUSTMENTS

During preparation of the annual financial statements for the current financial year, it was identified that various write-offs be processed. These have been effected in accordance with managements best estimates.

38 SECTION 36 DISCLOSURE IN ACCORDANCE WITH SUPPLY CHAIN MANAGEMENT REGULATIONS

The following amounts were incurred by the Municipality in accordance with Sec 36 of the Municipal Finance Management Act:

* Expenditure of R 151 624 920 (2010 : R 91 693 174) relates to the Disaster Rehabilitation Programme. In order to expedite the rehabilitation of the damage incurred during the June 2008 floods, service providers were invited to register on disaster database, and requested to tender as the projects were being implemented.

*Expenditure of R 980,095 (2010 : R 380 709.05) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services procured from a sole supplier.

*Expenditure of R 66,803 (2010 :R894 996.85) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services under emergency circumstances.

*Expenditure of R 735,641 (2010: Nil) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services in respect of goods and services (impracticable to follow the procurement process).

*Expenditure of R 7,043 (2010 : R 2,562,703) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services supplied by a specialist provider.

39 EVENTS AFTER REPORTING DATE

Management have not identified any matter or circumstance (adjusting or non-adjusting) since the end of the financial year, that will impact on the fair presentation of the annual financial statements.

40 PARTICULARS OF TRANSACTIONS IN ACCORDANCE WITH S45 OF SUPPLY CHAIN REGULATIONS - RELATED PARTY TRANSACTIONS**2011**

The Municipality incurred business to the value of R 19,471 with a company associated with staff members of the Municipality. The transaction was concluded in full compliance with the Supply Chain Management Policy of Council and the transaction is considered to be at arms length.

Name of Individual	Capacity of Individual	Nature of Relationship	Amount of
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2011	2010
		R	R
AA Govender	Superintendent - Traffic	Parent of Employee	19 471

2010

The Municipality incurred business to the value of R 20,790 with a company associated with staff members of the Municipality. The transaction was concluded in full compliance with the Supply Chain Management Policy of Council and the transaction is considered to be at arms length.

Name of Individual	Capacity of Individual	Nature of Relationship	Amount of
AA Govender	Superintendent - Traffic	Parent of Employee	20 790

41 FINANCIAL INSTRUMENTS

41.1 FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows:

Financial Assets

Classification

Current investments

30 day deposits

Held to maturity

Trade receivables from exchange transactions & non-exchange transactions

Consumer debtors

Loans and receivables

Other debtors

Loans and receivables

Bank, Cash and Cash Equivalents

Bank Balances

Available for sale

SUMMARY OF FINANCIAL ASSETS

Held to maturity:

Current investments 30 day deposits

169 060 487	303 812 341
169 060 487	303 812 341
45 423 477	43 352 515
5 172 803	5 130 288
50 596 283	48 482 803

Loans and Receivables

Trade receivables from consumers

Trade receivables from other debtors



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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2011	2010
		R	R
Available for Sale:			
Bank Balances and Cash	Bank Balances	424 967	264 062
		424 966	264 062
Total Financial Assets		220 081 736	352 559 206

41.2 FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows :

Financial Liabilities

Classification

Long-term Liabilities

Non Annuity Loans

Financial liabilities at amortised cost

Annuity Loans

Financial liabilities at amortised cost

Consumer Deposits

Electricity

Financial liabilities at amortised cost

Creditors

Trade creditors

Financial liabilities at amortised cost

Payments received in advance

Financial liabilities at amortised cost

Deposits - other

Financial liabilities at amortised cost

Staff leave

Financial liabilities at amortised cost

Other creditors

Financial liabilities at amortised cost

Current Portion of Long-term Liabilities

Non Annuity Loans

Financial liabilities at amortised cost

Annuity Loans

Financial liabilities at amortised cost

Bank, Cash and Cash Equivalents

Bank Balances

Available for sale

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Long-term Liabilities

Non Annuity Loans

1 200 000

1 200 000

Long-term Liabilities

Annuity Loans

32 580

77 306

Deposits

Sundry Deposits

1 279 371

1 176 432

Creditors

Trade creditors

9 260 235

11 421 522

Creditors

Payments received in advance

3 689 088

2 333 657

Creditors

Staff leave

4 899 541

4 009 835



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2011 R	2010 R
Creditors	Other creditors	16 729 671	10 182 986
Current Portion of Long-term Liabilities	Non Annuity Loans	889 694	889 694
Current Portion of Long-term Liabilities	Annuity Loans	559 983	611 734
		38 634 161	31 541 761
Bank, Cash and Cash Equivalents			
Bank Balances		11 247 789	2 787 957
Total Financial Liabilities		49 881 950	34 329 718



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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
PROPERTY, PLANT AND EQUIPMENT

Note 42

Reconciliation of carrying value	Furniture and Office Equipment	Machinery and Equipment	Computer Equipment	Transport Assets	Intangible Assets	Solid Waste Disposal	Heritage Assets	Dwellings	Roads	Bridges	Non Residential Dwellings	Land	Cemeteries	Electricity	Housing Schemes	Assets under Construction	Total
Carrying values at 01 July 2010	2 338 274	4 967 536	901 823	9 514 157	150 193	7 640 712	-	14 316 781	37 183 268	913 432	58 304 391	13 708 524	1 873 737	1 482 350	13 430 578	98 067 617	264 793 373
Cost/Revaluation	4 622 838	8 590 489	1 842 434	15 942 443	317 492	8 632 919	-	17 823 305	48 326 602	913 432	68 144 677	13 708 524	2 099 761	1 685 167	13 430 578	98 067 617	304 148 278
Cost	4 622 838	8 590 489	1 842 434	15 942 443	317 492	8 632 919	-	17 823 305	48 326 602	913 432	68 144 677	13 708 524	2 099 761	1 685 167	13 430 578	98 067 617	304 148 278
Revaluation																	
Accumulated depreciation	-2 284 564	-3 622 953	-940 611	-6 428 286	-167 299	-992 207	-	-3 506 524	-11 143 334	-	-9 840 286	-	-226 024	-202 817	-	-	-39 354 905
Based on cost	-2 284 564	-3 622 953	-940 611	-6 428 286	-167 299	-992 207	-	-3 506 524	-11 143 334	-	-9 840 286	-	-226 024	-202 817	-	-	-39 354 905
Based on revaluation																	
Acquisitions	416 611	230 905	317 356	2 519 752	63 420	230 350	38 613	3 396 737	75 008 188	-	15 371 446	-	-	-	-	68 676 702	166 270 080
Increases/ (decreases) in revaluation	733 022	780 760	142 621	1 204 354	973	20 222	52 400								3 864 854		6 799 206
Depreciation	-617 748	-772 271	-305 553	-2 083 963	-49 913	-202 411	-	-720 322	-3 216 180	-	-2 552 399	-	-69 944	-50 665	-	-	-10 641 369
Based on cost	-617 748	-772 271	-305 553	-2 083 963	-49 913	-202 411	-	-720 322	-3 216 180	-	-2 552 399	-	-69 944	-50 665			-10 641 369
Based on revaluation																	
Carrying value of disposals	-	-	-11 224	-	-	-	-	-	-	-913 432	-	-	-	-	-4 561 082	-	-5 485 738
Cost/ revaluation			-29 546							-913 432					-4 561 082		-5 504 060
Accumulated depreciation			18 322														18 322
Impairment losses																	-
Other movements																	-
Carrying values at 30 June 2011	2 870 159	5 206 930	1 045 023	11 154 300	164 673	7 688 873	91 013	16 993 196	108 975 276	-	71 123 438	13 708 524	1 803 793	1 431 685	12 734 350	166 744 319	421 735 552
Represented by																	
Cost/revaluation	5 772 471	9 602 154	2 272 865	19 666 549	973	8 883 491	91 013	21 220 042	-	-	-	-	2 099 761	-	3 864 854	166 744 319	471 713 504
Cost	5 039 449	8 821 394	2 130 244	18 462 195		8 863 269	38 613	21 220 042					2 099 761			166 744 319	464 914 298
Revaluation	733 022	780 760	142 621	1 204 354	973	20 222	52 400	-	-	-	-	-	-	-	3 864 854	-	6 799 206
Accumulated depreciation	-2 902 312	-4 395 224	-1 227 842	-8 512 249		-1 194 618	-	-4 226 846					-295 968			-	-49 977 952
Cost	-2 902 312	-4 395 224	-1 227 842	-8 512 249		-1 194 618	-	-4 226 846					-295 968			-	-49 977 952
Revaluation																	
Carrying values at 30 June 2011	2 870 159	5 206 930	1 045 023	11 154 300		7 688 873	91 013	16 993 196					1 803 793			166 744 319	421 735 552



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TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX A : SCHEDULE OF EXTERNAL LOANS

External loan	Interest rate	Period of loan	Balance as at 30 June 2010	Received during the year	Adjustments to correct the previous year	Redeemed/ written off during the year	Balance as at 30 June 2011	Short term Portion		2011 Interest accrued for the year
								2011	2010	
Other Long-term Loans										
uMsekeli Financial Services	0.00%		889 694	-	-	-	889 694	889 694	889 694	-
Development Bank of SA Ltd (MPRA Loan)			1 200 000	-	-	-	1 200 000	285 239	-	81 000
Total Long-term Loans			2 089 694	-	-	-	2 089 694			
Annuity Loans										
Development Bank of SA Ltd	Various (9.6%-17.65%)	Various (2009-2015)	173 826			-96 478	77 349	44 769	96 521	21 502
uMsekeli Financial Services										
Library	10.00%		77 290				77 290	77 290	77 290	-
Roads and drains	10.00%		437 924				437 924	437 924	437 923	-
Total Annuity Loans			689 040	-	-	-96 478	592 563			
TOTAL EXTERNAL LOANS			2 778 734	-	-	-96 478	2 682 257	1 734 916	1 501 428	102 502



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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
APPENDIX B : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

	Cost / Revaluation							Accumulated Depreciation						
	Opening Balance R	Work in Progress	Restated Opening Balance	Additions R	Increase (decrease) in Revaluation	Work in Progress transferred to Additions	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Carrying Value - 2011 R	Carrying Value - 2010 R
Furniture and Office Equipment	4 622 838		4 622 838	416 611	733 022			5 772 471	2 284 564	617 748		2 902 312	2 870 159	2 338 274
Machinery and Equipment	8 590 489		8 590 489	230 905	780 760			9 602 154	3 622 953	772 271		4 395 224	5 206 930	4 967 536
Computer Equipment	1 842 434		1 842 434	317 356	142 621		-29 546	2 272 865	940 611	305 553	-18 322	1 227 842	1 045 023	901 823
Transport Assets	15 942 443		15 942 443	2 519 752	1 204 354			19 666 549	6 428 286	2 083 963		8 512 249	11 154 300	9 514 157
Intangible Assets	317 492		317 492	63 420	973			381 885	167 299	49 913		217 212	164 673	150 193
Solid Waste Disposal	8 632 919		8 632 919	230 350	20 222			8 883 491	992 207	202 411		1 194 618	7 688 873	7 640 712
Heritage Assets	-		-	38 613	52 400			91 013	-	-		-	91 013	-
Dwellings	17 823 305	2 566 731	20 390 036	3 544 039	-	-2 714 032		21 220 043	3 506 524	720 322		4 226 846	16 993 197	16 883 512
Roads	48 326 602	82 152 255	130 478 857	226 633 105	-	-76 904 250		280 207 712	11 143 334	3 216 180		14 359 514	265 848 198	119 335 523
Bridges	913 432		913 432	-	-		-913 432	-	-	-		-	-	913 432
Non Residential Dwellings	68 144 677	10 760 430	78 905 107	24 513 534	-	-13 475 383		89 943 258	9 840 286	2 552 399		12 392 685	77 550 573	69 064 821
Land	13 708 524		13 708 524	-	-			13 708 524	-	-		-	13 708 524	13 708 524
Cemetries	2 099 761	2 588 201	4 687 962	856 060	-			5 544 022	226 024	69 944		295 968	5 248 054	4 461 938
Electricity	1 685 167		1 685 167	-	-			1 685 167	202 817	50 665		253 482	1 431 685	1 482 350
Housing Schemes	13 430 578		13 430 578	-	3 864 854		-4 561 082	12 734 350	-	-		-	12 734 350	13 430 578
	206 080 661	98 067 617	304 148 278	259 363 745	6 799 206	-93 093 665	-5 504 060	471 713 504	39 354 905	10 641 369	-18 322	49 977 952	421 735 552	264 793 373



Cost / Revaluation

Cost/Revaluation							Accumulated Depreciation						
Opening	Work In	Restated	Additions	Work in Progress	Fair Value	Disposals	Closing	Opening	Additions	Disposals	Closing	2011 Carrying	2010 Carrying
Balance	Progress	opening		Additions	Adjustment		Balance	Balance			Balance	Value	Value
R	R	R	R	R		R	R	R	R	R	R	R	R
186 078		186 078	695 906		2 915	-	884 899	123 480	24 026	-	147 506	737 392	62 598
75 904		75 904	24 452		23 729	-	124 085	33 330	11 778	-	45 108	78 977	42 574
41 904		41 904	-		-	-	41 904	32 680	3 072	-	35 752	6 153	9 225
342 357		342 357	-		-	-	342 357	184 126	52 695	-	236 822	105 535	158 230
60 556 635	12 315 011	72 871 646	396 384	10 145 449	1 054 575	-	84 468 054	13 304 414	2 896 688	-	16 201 101	68 266 953	59 567 232
77 430		77 430	26 568		7 431	-	111 429	31 514	15 545	-	47 059	64 370	45 916
13 426 412		13 426 412	7 094		2 935	-696 228	12 740 213	39 525	14 094	-	53 619	12 686 594	13 386 886
87 856		87 856	-		30 548	-	118 404	55 366	8 264	-	63 630	54 774	32 490
170 883		170 883	12 948		6 850	-12 181	178 500	60 281	26 449	-8 353	78 378	100 123	110 601
93 478		93 478	55 650		66 062	-	215 190	22 179	14 407	-	36 587	178 604	71 299
72 949		72 949	651		980	-	74 580	30 902	11 896	-	42 798	31 782	42 047
1 800		1 800	-		-	-	1 800	900	180	-	1 080	720	900
1 359 940		1 359 940	127 502		40 477	-	1 527 918	864 478	141 787	-	1 006 265	521 653	495 462
2 088 062		2 088 062	811 553		83 352	-	2 982 967	1 034 264	276 750	-	1 311 014	1 671 953	1 053 797
15 741 719		15 741 719	-		-	-	15 741 719	1 706 245	500 689	-	2 206 935	13 534 785	14 035 474
620 978		620 978	5 521		4 624	-	631 123	382 348	69 569	-	451 917	179 206	238 631
707 868		707 868	-		-	-	707 868	400 637	60 051	-	460 688	247 180	307 231
8 398 651		8 398 651	230 350		15 647	-	8 644 648	965 129	180 900	-	1 146 028	7 498 619	7 433 522
49 730 815	82 901 327	132 632 142	51 736	151 624 921	48 199	-913 432	283 443 566	11 368 765	3 316 263	-	14 685 028	268 758 537	121 263 376
456 230		456 230	-		-	-	456 230	363 755	30 797	-	394 551	61 678	92 475
588 182		588 182	115 275		80 003	-	783 460	252 808	101 177	-	353 985	429 475	335 374
332		332	-		-	-	332	241	30	-	272	60	91
24 823 055	3 600 351	28 423 406	596 615	-	147 745	-17 366	29 150 400	2 376 014	904 993	-9 969	3 271 037	25 879 363	26 047 392
103 252		103 252	-		1 260	-	104 512	67 647	10 057	-	77 705	26 807	35 605
25 578 819		25 578 819	1 341 506		1 317 022	-	28 237 347	5 653 876	1 969 212	-	7 623 089	20 614 258	19 924 943
							-						
							-						
205 331 589	98 816 689	304 148 278	4 499 710	161 770 370	2 934 352	-1 639 206	471 713 504	39 354 906	10 641 36				



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TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX D : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

	2011	2011	2011	2010	2010	2010
	Actual	Actual	Surplus/	Actual	Actual	Surplus/
	Income	Expenditure	(Deficit)	Income	Expenditure	(Deficit)
	R	R	R	R	R	R
Council General	20 805 453	12 528 044	8 277 409	17 097 675	11 010 219	6 087 456
Financial Services	226 358 616	16 053 737	210 304 879	184 263 773	16 915 890	167 347 883
Technical Services	9 154 982	42 241 076	-33 086 094	6 856 717	42 423 004	-35 566 287
Corporate Services	178 247	11 746 003	-11 567 756	133 530	9 762 376	-9 628 846
Community Services	14 239 313	30 306 824	-16 067 511	11 513 346	24 269 505	-12 756 159
Planning and Development	825 404	4 857 571	-4 032 167	729 094	4 040 343	-3 311 249
Total	271 562 015	117 733 255	153 828 760	220 594 135	108 421 337	112 172 798



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TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX E1 : ACTUAL COMPARED WITH REVENUE AND EXPENDITURE

	Actual 2011 R	Budget 2011 R	Variance 2011 R	Variance 2011 %	Explanation for variances greater than 15%
REVENUE					
Property rates	48 566 675	49 085 000	-518 325	-1.06%	
Property rates: penalties imposed & collection charges	2 302 661	3 000 035	-697 374	-23.25%	Increase in penalties raised due to consumer debt being outstanding for a longer period of time than anticipated
Service charges	7 195 761	8 260 069	-1 064 308	-12.88%	
Rental of facilities and equipment	4 159 745	4 090 623	69 122	1.69%	
Interest earned- external investments	13 385 013	4 444 950	8 940 063	201.13%	Due to the investment of the unspent funds for the Disaster Management Grant, interest accrued has increased substantially.
Fines and penalties	1 499 829	1 494 888	4 941	0.33%	
Licences and permits	5 237 907	5 907 830	-669 923	-11.34%	
Government grants and subsidies	183 012 587	148 273 104	34 739 483	23.43%	The implementation of GRAP requires the recognition of grant revenue in accordance with expenditure occurred. Due to the rollout of the disaster rehabilitation programme, the expenditure had increased substantially
Other income	5 664 592	3 931 374	1 733 218	44.09%	Due to Council's strict implementation of the tariff of charges, a substantial increase in other revenue has been realised
Decrease in Refuse Site Provision	312 800	-	312 800	100.00%	Engineering studies have indicated an expected decrease in Council's liability on the rehabilitation of the refuse site, therefore resulting in a decrease in the provision
Decrease in Bad Debt Provision	224 445	-	224 445	100.00%	Calculations based on the collection recoverability trends have indicated a decrease in the required provision value
Total Revenue	271 562 015	228 487 873	43 074 142	18.85%	
EXPENDITURE					
Council General	12 528 044	13 245 434	-717 390	-5.42%	
Financial Services	16 053 737	14 232 400	1 821 337	12.80%	
Technical Services	42 241 076	154 981 320	-112 740 244	-72.74%	Due to technical revisions in the accounting standard, GRAP 17, the cost reallocation method was utilised in finalisation of the asset register, as opposed to the revaluation method.
Corporate Services	11 746 003	12 080 516	-334 513	-2.77%	
Community Services	30 306 824	29 038 594	1 268 230	4.37%	
Planning and Development	4 857 571	4 908 284	-50 713	-1.03%	
Total Expenditure	117 733 255	228 486 548	-110 753 293	-48%	
NET SURPLUS/ (DEFICIT) FOR THE YEAR	153 828 760	1 325	153 827 435	-120.65%	



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TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX E2 : ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	2011 Total Additions R	2011 Budget R	2011 Variance R	2011 Variance %
Council General	234 024	234 484	-460	-0.20%
Financial Services	169 205	111 886	57 319	51.23%
Technical Services	161 685 975	163 809 272	-2 123 297	-1.30%
Corporate Services	363 731	383 016	-19 285	-5.04%
Community Services	3 722 818	8 123 288	-4 400 470	-54.17%
Planning and Development	94 327	110 091	-15 764	-14.32%
	<u>166 270 080</u>	<u>172 772 037</u>	<u>-6 501 957</u>	<u>-3.76%</u>



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TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX F : DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	RECEIPTS					EXPENDITURE				Grants Repaid to Funder	Bal 30.06.2011	Grants and Subsidies Delayed or withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest	reason for non-compliance
		Total 01.07.2010	July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept	Oct to Dec	Jan to Mar	April to June						
			1	2	3	4	1	2	3	4						
Renaissance Project	KZN Dept of Housing	-324 852								151 415		-173 437	Nil	NA	Yes	NA
Skills Training Centre	DTLGA	-169 414					21 362					-148 052	Nil	NA	Yes	NA
Municipal Infrastructure Grant	National Treasury	4 912 729			-9 732 000	-451 000	438 672	2 033 966	829 803.00	1 914 311		-53 519	Nil	NA	Yes	NA
Municipal Infrastructure Grant Flood Damage	National Treasury	-256 182 677					14 231 510	71 071 368	27 420 464	38 901 578		-104 557 757				
MIG Tidal Surge	National Treasury	-1 498 713								147 302		-1 351 411	Nil	NA	Yes	NA
Umdoni Tourist Plan	European Community Grant	-9 586									9 586	0	Nil	NA	Yes	NA
Umdoni Industrial Development	European Community Grant	-76 855									76 855	0	Nil	NA	Yes	NA
Umdoni SMME	European Community Grant	-83 406									83 406	0	Nil	NA	Yes	NA
Agricultural Dev Stat	European Community Grant	-27 230									27 230	0	Nil	NA	Yes	NA
Umdoni Bus Ret & Exp	European Community Grant	-10 283									10 283	0	Nil	NA	Yes	NA
Environmental Management Practice	KZN Agric & Env Affairs	-147 771										-147 771	Nil	NA	Yes	NA
Malangen Library	KZN Library Services	-46 427										-46 427	Nil	NA	Yes	NA
Scottburgh Library Internet	KZN Library Services	-13 938	-90 000				21 644	22 628	22 950	21 848		-14 868	Nil	NA	Yes	NA
SETA	Local gov Seta	-56 377	-16 972	-120 372		-18 123	34 875	6 428	158 000			-12 541	Nil	NA	Yes	NA
Finance Management Grant	National Treasury	-789 841	-1 200 000				249 000	288 388	593 923	337 755		-520 775	Nil	NA	Yes	NA
MSIG	National Treasury	-22 006	-750 000				658 781	10 728	547	28 349		-73 601	Nil	NA	Yes	NA
Communal Gardens Upgrade (LED)	Old Mutual	-254 325								167 710		-86 615	Nil	NA	Yes	NA
Malangen Library - Cybercadet	DTLGA	-78 900					20 132	20 132	20 132	20 132		1 628	Nil	NA	Yes	NA
Strategic Env Assess	Ugu District Municipality	-725 000						80 080	113 019	112 920		-418 981	Nil	NA	Yes	NA
Tourist Development	Ugu District Municipality	-119 034						36 258	34 059	19 483		-29 234	Nil	NA	Yes	NA
Youth Development	Ugu District Municipality	104 191	-125 000				46 520					25 711	Nil	NA	Yes	NA
IDP Review Grant	DTLGA	-102 467					40 470	11 453				-50 544	Nil	NA	Yes	NA
Disaster Centre	DTLGA	-844 217										-844 217	Nil	NA	Yes	NA
Municipal Pound	COGTA	-			-1 000 000							-1 000 000	Nil	NA	Yes	NA
National Electrification Grant	National Treasury	-	-4 536 000									-4 536 000	Nil	NA	Yes	NA



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TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX F : DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	RECEIPTS					EXPENDITURE				Grants Repaid to Funder	Bal 30.06.2011	Grants and Subsidies Delayed or withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest	reason for non-compliance
		Total 01.07.2010	July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept	Oct to Dec	Jan to Mar	April to June						
			1	2	3	4	1	2	3	4						
Environmental Management Grant	KZN Environmental Affairs	-				-15 000						-15 000	Nil	NA	Yes	NA
Sports and Recreation (Winter Games Prize)	Ugu District Municipality	-				-3 000						-3 000	Nil	NA	Yes	NA
LED Learnership	COGTA	-	-176 000					65 789				-110 211	Nil	NA	Yes	NA
													Nil	NA	Yes	NA
		-256 566 399	-6 893 972	-120 372	-10 732 000	-487 123	15 762 966	73 647 218	29 192 897	41 822 803	207 360	-114 166 622				